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Honorable Lauch Faircloth  
United States Senate  
716 Hart Senate Office Building  
Washington, DC 20510

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

Dear Senator Faircloth:

Thank you for your letter expressing concern about the benchmark provisions of our new cable rate regulations.

The Commission's rate regulations are currently under reconsideration. Accordingly, your comments are being made part of the record of that proceeding [REDACTED]

I assure you that your comments will be carefully weighed in our reconsideration proceeding.

Sincerely,

James H. Quello  
Chairman

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# United States Senate

WASHINGTON, DC 20510-3305

September 9, 1993

The Honorable James H. Quello  
Chairman  
Federal Communications Commission  
1919 M Street, Northwest  
Washington, DC 20554

Dear Mr. Chairman:

I am writing to you about the Cable Television Consumer Protection and Competition Act of 1992. Over the last several weeks I have heard from a number of cable operators -- small and mid-sized -- both from my state and around the country. From what I am hearing, I have become quite concerned about certain aspects of the FCC's rate rules and regulations implementing this Act.

While I appreciate the tremendous workload that the Act has imposed upon your agency, it is quite important that your decision not be rushed and that the rate rules and regulations accurately reflect the intent of Congress. You should take whatever time you deem reasonable regardless of any political pressures to the contrary. Further, it is not the intent of Congress to injure or cripple the cable industry, but rather to assure that consumers pay reasonable rates for cable service, while at the same time allowing cable companies to improve and maintain their systems, attract capital, and provide a broad diversity of cable services and programming to the greatest number of consumers.

The following matters have been brought to my attention:

1. The benchmark rates developed by your agency do not take into account all costs of operating and financing cable systems. As I understand it, in developing the benchmarks, the rates charged by short term cable competitors were included. I do not believe that these rates are reflective of prices that would be charged by long term competitors. Also, I am informed that the benchmarks are based, in part, on rates charged by municipally subsidized cable operators.

2. The benchmarks do not include the cost of upgrading and rebuilding cable systems, and cable operators must resort to cost-of-service proceedings if they are to recoup costs of upgrades and rebuilds. If these costs are not included in the benchmarks, cable operators will not be able to promptly recoup the cost of system upgrades and improvements, which will likely threaten or delay state-of-the-art advancements in cable infrastructure.


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3. Cable operators will not be permitted to charge for service provided over additional outlets (other than the direct cost of programming). This result seems to go beyond what the Act provides and eliminates a source of revenue to cable companies which will inevitably force an increase in single outlet subscriber charges.

I am sure that you appreciate that rates for cable service, which reflect all the costs of providing that service, serve the interest of consumers and the cable industry, which employs over 130,000 people nationwide and which provides valuable educational and informational programming and entertainment to the American public.

Thank you for your consideration. I look forward to hearing from you concerning the issues raised in this letter.

Sincerely,



Lauch Faircloth  
United States Senator